Manitoba

Annual Report 1986 - 87

Agriculture

The Manitoba Water Services Board

Manitoba

Agriculture

The Manitoba Water
Services Board

P.O. Box 1059
2022 Currie Boulevard
Brandon, Manitoba, CANADA
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(204) 726-6076

The Honorable Leonard Harapiak
Minister of Agriculture

Sir:

I have the honor of presenting to you the Fifteenth Annual Report of The Manitoba Water Services Board for the fiscal year ending March 31, 1987, together with the financial statements of the Board for the same period.

Yours respectfully,

C.C. Cranston
Chairperson
The Manitoba Water Services Board

Table of Contents

TITLE	PAGE
The Manitoba Water Services Board	7
Summary of Services in 1986-87	8
1. Preliminary Investigations	8
2. Design and Construction	10
3. Operations and Maintenance	12
1986-87 Water Sales	13
Auditor's Report	15

The Manitoba Water Services Board

*Chairperson
C.C. Cranston
Woodsworth Bldg.
405 Broadway Ave.
Winnipeg, Manitoba
R3C 3L6

Vice Chairperson
T.E. Weber
Director
Water Resources Branch
Natural Resources

Members
N.E. Brandson
Director
Environmental Management
Environment and Workplace
Safety and Health

F.R. Dennis
Director
Advisory and Financial Services
Municipal Affairs

G. Jasper
Box 388
Souris, Manitoba
R0K 2C0

*Retired as Assistant Deputy Minister, Manitoba Agriculture, on June 27, 1986, and continues to retain the position of Chairperson.

The Manitoba Water Services Board

The Manitoba Water Services Board was established in July 1972 under The Manitoba Water Services Board Act to assist in the provision of water and sewage facilities to the residents of rural Manitoba. It replaced The Manitoba Water Supply Board, taking over all responsibilities of the former Board and continues to own and operate 37 water supply installations in the Province.

The Board is composed of representatives of the Departments of Natural Resources, Environment, Municipal Affairs, and two citizen members. It reports to the Legislature through the Minister of Agriculture.

The amalgamation of The Manitoba Water Services Board and Agri-Water Branch of the Department of Agriculture was completed during the 1983/84 fiscal year. Effective April 1, 1984 all Agri-Water Branch staff and operating budget was transferred to The Manitoba Water Services Board. Since that date The Manitoba Water Services Board has delivered the Agri-Water activities on behalf of Manitoba Agriculture.

Objectives

The Manitoba Water Services Board has the following specific objectives as outlined in the Act:

a) The obtaining of supplies of potable water for domestic and other uses within the province, and the selling of water to municipalities and water districts.

b) The acquisition or construction and the operating and maintenance of all plants and works necessary for obtaining, collecting, storing, treating, purifying and transmitting water.

c) The transmission of water from a source of supply or a point of storage to a point of acceptance by a municipality or a water district either within or outside the municipality or water district.

d) The acquisition or construction and the operation and maintenance of works for the distribution of water.

e) The acquisition or construction and the operation and maintenance of works for the collection of sewage.

f) The acquisition or construction and the operation and maintenance of works for the treatment and disposal of sewage.

Activities carried out to meet the objectives under:

a) The Board operated 46 water treatment plants and sold potable water for domestic and other uses to various municipalities and water districts.

b) During the fiscal year 1986/87 the Board upgraded four water treatment plants.

b & c) There were 37 water treatment plants constructed by The Manitoba Water Supply Board prior to 1972. These are now operated by The Manitoba Water Services Board. The potable water produced is sold in bulk to the municipalities. In addition nine water treatment plants constructed by The Manitoba Water Services Board under cost-sharing agreements with the municipalities are operated at the request of the municipalities by The Manitoba Water Services Board with water sold in bulk to the municipalities.

d, e, & f) In 1986/87 water and/or sewage facilities for 12 municipalities were constructed and turned over to the respective municipalities for ownership and operation.

The Board can enter into agreements with any municipality which has become a "declared area" by order of the Lieutenant-Governor-in-Council, under Section 10 of the Act. Once an application is received and the Board has made the necessary physical and engineering investigations, received financial approval, an Offer is submitted to the municipality for the construction of new works, extensions, and/or improvements to existing works. The works may be owned and operated either by the Board or the Municipality.

After the municipality has received the necessary Municipal Board approvals and the Agreement has been executed, the Board enters into the necessary contracts for design and construction of the works.

The Board also enters into agreements with municipalities and non-profit water utilities (water

districts) for Agri-Water projects when requested. Total project management which includes engineering design approvals, tendering, contract administration and interim financing can be provided utilizing the same procedures followed by The Manitoba Water Services Board for larger municipal projects. Details of these agreements are given under Construction Agreements Submitted and Signed. The details regarding the nature of the total Agri-Water activities and provincial financial contribution is provided in Manitoba Agriculture's Annual Report.

The Manitoba Water Services Board Act requires the Board to fix rates for plants constructed prior to 1972, to recover costs pertaining to the services supplied, taking into account grants for rate stabilization provided by the Province of Manitoba. The rates set by the Board and approved by the Province are in accordance with tables maintained by the Board which indicate a return of full capital costs and operating deficits based on a 35 year operating life. For the year ending March 31, 1987, rate stabilization grants totalling $207,204 were paid in respect to the operation of 15 plants constructed under The Manitoba Water Supply Board Act.

New agreements between The Manitoba Water Services Board and a municipality vary in length, however, an agreement is long enough to ensure a stable period of operation for the Board works and to guarantee satisfactory water and sewage services to the municipality. In some instances the municipality has requested and the Board has agreed to operate water treatment plants on behalf of the municipality.

In June, 1984, the Manitoba Government introduced a new Grant Formula for The Manitoba Water Services Board which increased the level of provincial funding for most water and sewage works in the province. The new formula is summarized as follows:

1. The share of the capital cost of construction to be assumed by the municipality is set at:

a) for both water and sewage, the capitalized amount which 20 mills on the equalized assessment discounted at the current rate of borrowing (established each January) plus 50% of the balance of the project cost. Capital debts on existing utilities are taken into account in the calculation.

b) for sewer systems only, the capitalized amount which 8 mills on the equalized assessment discounted at the current rate of borrowing (established each January) plus 50% of the balance of the project cost.

c) for water systems only, the capitalized amount which 12 mills on the equalized assessment discounted at the current rate of borrowing (established each January) plus 50% of the balance of the project cost.

d) in no instance will the grant on the systems for communities with populations less than 300 be less than 30% of the project cost.

The provincial grant was increased from 50% to 60% of shareable costs for most northern communities which are north of the Northern Affairs boundary. However, since the costs in The Pas are not as great as those in most northern communities the provincial grant was increased from 50% to 55%.

Where solid bedrock is encountered a special grant of 50% of the additional costs related to bedrock is available. The remaining 50% is included as part of the capital costs of the project, for purposes of calculating the communities' "front end" expenses and the provincial grant.

Summary of Services in 1986-87

Preliminary Investigations

The Board received 49 applications for technical and financial assistance from individual municipalities during the year.

A total of 21 engineering feasibility studies were completed. On the basis of these and previously completed studies, the Board submitted 25 agreements (12 regular budget, 4 Agricultural Area Pipeline and 9 Community Water Source Development Program) for the construction of water and/or sewer facilities to municipalities.

Twenty-nine agreements (15 regular budget, 6 Agricultural Area Pipeline and 8 Community Water Source Development Program) submitted during this and the previous year, as well as one amended agreement, were signed by March 31, 1987. Estimated costs for these agreements and the dates they were signed are given in the following table:

Construction Agreements Submitted and Signed

during April 1, 1986 to March 31, 1987

	Date Agreement Signed	Estimated Capital Cost of Project
**Altona Rural Water (Co-op)	August 20, 1986	$720,000
*Arthur (RM) (Ward 1)	September 26, 1986	16,000
*Birtle (RM) (Birtle N)	September 26, 1986	16,000
Blanshard (RM) (Oak River)	April 9, 1986	22,000
*Blanshard (RM) (Ward 4)	September 26, 1986	16,000
*Brenda (RM) (Goodlands)	September 26, 1986	14,000
*Cameron (RM) (Emblem)	September 26, 1986	14,000
**Catfish Creek (Co-op)	July2, 1986	149,000
Deloraine (Town)	January 13, 1987	151,000
Deloraine (Town)	September 4, 1986	30,000
Flin Flon (City)	May 28, 1986	2,200,000
Gimli (Town)	July 11, 1986	455,000
Hamiota (Village) (A-1)	April 10, 1986	255,000
*Kola (Co-op)	August 21, 1986	119,000
**Landerville (Co-op)	July 2, 1986	196,000
Manitou (Village)	August 21, 1986	52,000
Neepawa (Town)	September 26, 1986	3,410,000
Neepawa (Town)	June 11, 1986	590,000
**Rhineland (RM) (G.N.S.)	June 3, 1986	347,000
**Rhineland (RM) (Old Altona)	June 3, 1986	82,500
*Rhineland (RM) (Reservoir)	September 4, 1986	140,000
**Riverland (Co-op)	July 2, 1986	229,000
Roblin (Town)	February 2, 1987	297,000
*Seven Sisters Falls (Co-op)	September 4, 1986	323,368
Shellmouth (RM) (Inglis)	September 4, 1986	38,000
Teulon (Village)	March 12, 1987	130,000
Victoria (RM) (Holland)	September 4, 1986	24,000
Victoria (RM) (Holland)	April 10, 1986	32,500
Winkler (Town)	August 20, 1986	40,000
Winnipegosis (Village)	August 20, 1986	30,000

**Agricultural Area Pipeline
*Community Water Source Development Program

Design and Construction 1986-87

Water and sewerage project design and construction resulted in a total expenditure of $10.855M, of which approximately $4.869M was contributed by the Province.

Under these provincially funded projects, approximately 160,000 cu. m of earth was moved in the construction of waste stabilization ponds, over 12,000 meters of sewers and 65,000 metres of watermains were installed. In addition, 180,000 litres of water storage capacity was constructed in the form of concrete reservoirs.

Projects Substantially Completed Under Regular Budget were:

		Project Costs	Provincial Grants
Blumenort (3)	— Low pressure sewer system	$ 62,727	$ 31,364
Fisher Branch	— Gravity Sewer System	993,297	467,215
Hamiota (6)	— Water Treatment Plant Upgrading	263,047	131,524
Holland (2)	— Watermain Renewals	32,439	16,219
Manitou (3)	— Water Treatment Plant Upgrading	74,751	37,376
Neepawa (5)	— Water Pipeline Extensions	531,958	264,107
Neepawa (6)	— Sewage Treatment Facility	2,856,402	1,426,953
Notre Dame (2)	— Water Treatment Plant Upgrading	39,761	19,881
Red River Regional Water System	— Regional Water System with a treatment plant at Letellier	2,168,971	1,084,486
Ste. Rose du Lac (5)	— Water Supply and Sewage Treatment	975,555	487,777
Snow Lake (3)	— Sewage Treatment System	2,061,880	1,237,128
Stonewall (5)	— Water Treatment Plant Upgrading	141,749	70,875
Winkler (5)	— Water Treatment Plant Upgrading	33,029	16,514
Winnipegosis	— Water and Sewer Extensions	42,540	21,270
Winnipegosis (2)	— Water Treatment Plant Upgrading	27,935	13,967

Projects Substantially Completed under the Agri-Water Program, for which interim financing was provided by the Board.

		Project Costs	Provincial Grants
Arthur	— Tank Loading	$ 4,982	$ 765
Blanshard	— Tank Loading	10,335	1,591
Brenda	— Tank Loading	6,139	953
Cameron	— Tank Loading	10,728	1,590
Rhineland (RM)	— Gnadenfeld-New Bergthal-Somerfeld Water Pipeline and Connections	241,901	49,176
Halbstadt Water Co-op	— Water Supply	810,411	148,734
Lac du Bonnet Water Co-ops	— Water Pipelines and Connections to Landerville, Riverland Road and Catfish Creek Water Co-ops	422,812	76,270
Old Altona	— Water Pipeline	56,908	14,160
Morden — South	— Wet Well and Tank Loading	29,277	4,497

Projects Under Design or Construction at Year End were:

Altona West	— Reservoir
Altona North West	— Rural Water Supply System — Pipeline
Birtle	— Tank Loading
Deloraine (2)	— Water Supply Upgrading
Deloraine (3)	— Water Plant Upgrading
Elie (2)	— Well, Pipeline and Water Plant Upgrading
Erickson (3)	— Water Plant Upgrading
Flin Flon (4)	— Water and Sewer Renewals and Upgrading
Gimli (2)	— Water Supply Upgrading
Hamiota (5)	— Water Distribution and Sewage Lagoon
Holland (3)	— Water Plant Upgrading
Inglis (3)	— Water Plant Upgrading & Watermains
Kola	— Reservoir and Treatment Plant
Landmark	— Water and Sewer System
Lundar (2)	— Sewer Main Extensions
Lundar (3)	— Waste Stabilization Pond Expansion
Oak River	— Watermains
Roblin (2)	— Water Supply
Red River East Water Supply	— Pipeline
Ste. Agathe (2)	— Water Main Renewals
St. Jean (6)	— Water Main Renewals
Selkirk (3)	— Water Supply Upgrading
Seven Sisters	— Water Distribution System
Teulon (3)	— Sewage Treatment
Winkler (4)	— Lagoon, Lift Station, Forcemain and Sewage Lagoon
Winnipeg Beach (3)	— Low Pressure Sewer System

On April 1, 1986, the Board operated forty-six water treatment plants of which thirty-seven were constructed prior to 1972 by the Manitoba Water Supply Board, now referred to as "Previously Constructed Works". Of these, water rates for twenty-seven were at the subsidized level of $5.20 per 1,000 Imperial gallons effective April 1, 1987.

When the new water treatment plant at Letellier was commissioned on November 6, 1986, to serve the Red River Region, the operations of the two previously constructed water treatment plants at Altona and Letellier ceased and these areas serviced from the Red River Regional Water System.

Water rates remained unchanged for Altona, Gretna and Rhineland (until closure of the plant at Altona on November 1, 1986), Reston, Russell, Winkler, Rossburn, Ste, Rose du Lac, McCreary, Somerset, St. Claude and Notre Dame de Lourdes.

Effective April 1, 1987, new water rates were approved for two newly constructed works.

Birch River	to $2.55/1000 Imperial gallons
Rapid City	to $3.65/1000 Imperial gallons

Water rates were decreased for two municipalites.

Grunthal	to $1.00/1000 Imperial gallons
Miami	to $3.00/1000 Imperial gallons

Water rates remained unchanged at Cranberry Portage, Elm Creek, Lac du Bonnet, Plum Coulee and Swan Lake.

Operations and Maintenance

The Red River Regional Water Supply System was officially opened in November, 1986, to supply potable water to Altona, Letellier and Halbstadt-Marais Water Co-operative. The Board finalized construction plans to expand the system to supply potable water to Dominion City, Roseau River and Altona North and West Water Co-operatives. Construction of the supply and distribution piping is scheduled for construction in 1987 and 1988.

Plans for major upgrading of four "Previously Constructed" water treatment plants were completed. The upgrading works at Deloraine, Hamiota, Inglis and Manitou were constructed with Board staff. These water plants were upgraded to meet an increasing demand for potable water.

To meet rural water needs, Board staff designed and constructed pipelines with associated water supply works for Landerville, Catfish Creek, Riverland Road, Old Altona and Gnadenfeld-New Bergthal-Somerfeld (G.N.S.).

New water supply wells were constructed under the supervision of Board staff at Gimli, Holland, Selkirk, Winkler and Winnipegosis to meet future water demands.

The Board has enterd into 23 service agreements with respective towns and municipalities to provide operators for Board water treatment plants.

Sale of Water

Town or Municipality	Consumption 1986-87	Actual Cost of Production per 1,000 I.G.	April 1/87 Selling Price 1,000 I.G.	Type of Treatment
Altona, 1 & 2	82,522,000	$3.70	$3.70	A,B
Argyle (RM) (Baldur)	6,259,000	5.14	5.20	B,C
Benito	7,789,000	5.27	5.20	C
Blanshard (RM) (Oak River)	2,218,000	8.81	5.20	C
Bowsman	4,855,000	8.13	5.20	C
Bulk Tank Loading (Letellier)			7.00	A,B
Cartier (RN) (Elie)	9,411,000	5.70	5.20	C,D
Cartwright	6,538,000	5.15	5.20	C,D
Consol (LGD) (Cranberry Portage)	201,000	0.13/cu. m	0.13/cu. m	E
Deloraine 4	20,285,000	5.21	5.20	A,B
Erickson	10,175,000	4.59	5.20	B,C,D
Ethelbert	5,526,000	5.75	5.20	C
Franklin (Dominion City)	6,450,000	7.13	5.20	D
Gilbert Plains	11,360,000	6.62	5.20	A
Gretna, 1 & 2	12,455,000	3.70	3.70	A,B
Grey (RM) 3	414,000	4.15	4.15	E
Grey (RM) (Elm Creek)	5,553,000	6.36	6.36	Reverse Osmosis
Halbstadt	13,900,000		4.00	A,B
Hamiota	14,911,000	6.73	5.20	A,B
Hanover (RM) (Grunthal)	14,028,000	0.72	1.00	E
Harrison (RM) (Sandy Lake)	4,993,000	5.48	5.20	C
Lac du Bonnet	29,703,000	1.00	0.85	F
Lorne (RM) (Swan Lake)	24,940	0.55/cu. m	0.55/cu. m	E
Manitou	16,065,000	5.31	5.20	A,B
McCreary	10,762,000	2.37	3.45	B,C
Minitonas	6,350,000	11.09	5.20	Reverse Osmosis
Montcalm (RM) (Letellier)	7,452,000		5.20	A
Montcalm (RM) (St. Jean Baptiste)	10,417,000	6.71	5.20	A
Mountain (LGD) (Birch River)	5,469,000	2.55	2.55	E
Notre Dame de Lourdes	14,269,000	1.05	1.30	E
Pilot Mound	14,207,000	5.96	5.20	A,B
Pipestone (RM) (Reston)	11,850,000	1.73	3.15	B,C
Plum Coule	10,212,000	7.70	7.70	A
Rapid City	7,498,000	3.65	3.65	C
Red River Regional Plant	12,965,000	4.00	4.00	A,B
Rhineland, 1 & 2	7,071,000	3.70	3.70	A,B
Ritchot (RM) (Ste. Agathe)	4,815,000	5.79	5.20	E
Rosedale (RM) (Kelwood)	2,239,000	8.04	5.20	E
Rossburn	12,200,000	3.00	3.80	B,C,D
Russell	32,810,000	3.62	4.50	A
Silver Creek (RM) (Angusville)	1,835,000	12.56	5.20	C
Somerset	10,369,000	2.21	3.00	E
Ste. Rose du Lac	23,147,000	2.01	4.10	A
St. Claude 3	11,403,000	3.17	4.15	E
Shellmouth (RM) (Inglis)	2,498,000	11.72	5.20	C
Strathclair (RM) (Strathclair)	5,443,000	8.35	5.20	C,D
Strathcona (RM) (Belmont)	4,375,000	5.82	5.20	C
Thompson (RM) (Miami)	7,026,000	2.32	3.00	C
Victoria (RM) (Holland)	6,436,000	5.13	5.20	C
Winchester (RM) 4	1,812,000		1.00	NONE
Winkler	153,782,000	2.03	2.80	A,B
Winnipegosis	11,580,000	7.17	5.20	A
Woodworth (RM) (Kenton)	3,054,000	12.03	5.20	F

Altona, Gretna and Rhineland have a selling price of $3.70 per thousand Imperial gallons. The selling price for Altona is reduced to $3.40 per thousand Imperial gallons when water consumption reaches 40,560,000 Imperial gallons. Effective December 1, 1986, Altona, Gretna and Rhineland have a blended selling price of $4.00 per thousand Imperial gallons utilizing both Neche and Red River Regional water supply systems.

1. Water provided by Neche water supply.
2. Water provided by Red River Regional water supply.
3. Water provided by same water treatment plant.
4. Untreated water delivered directly from water source.

Type of Treatment:

A — Lime soda ash softening
B — Fluoridation
C — Iron and/or manganese removal
D — Zeolite softening
E — Chlorination
F — Coagulation, sedimentation

Manitoba

The Manitoba Water Services Board
Report of the Provincial Auditor's Office

We have examined the financial statements, being Exhibits A, B, C, D and E, and Schedules 1 to 3, of the Manitoba Water Services Board for the fiscal year ended March 31, 1987. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Manitoba Water Services Board as at March 31, 1987 and the results of its operations and the changes in its cash position for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

J.W. Singleton, C.A.,
Assistant Provincial Auditor

September 29, 1987,
Winnipeg, Manitoba.

The Manitoba Water Services Board

Balance Sheet

as at March 31, 1987

Exhibit A

Assets

	1987	1986
Current assets:		
Cash on deposit with the Minister of Finance (Note 1(a))	$ 1,069,817	$ 616,411
Accounts receivable	2,373,637	2,476,547
Grants receivable from the Government of the Province of Manitoba — subsidization of construction costs	134,791	144,443
Accrued interest	636,315	685,370
Prepaid expenses	37,562	36,461
	4,252,122	3,959,232
Debentures receivable from municipalities, Schedule 1 (Note 3)	13,801,914	14,786,631
Construction in progress recoverable from municipalities and the Government of the Province of Manitoba (Note 2)	1,196,564	2,140,026
Fixed assets; (Notes 1 (e) and 4)		
Works, at cost		
Land and easements	102,744	80,977
Buildings and equipment	6,599,696	5,579,767
	6,702,440	5,660,744
Less accumulated depreciation	3,913,913	3,780,368
	2,788,527	1,880,376
Accumulated excess of operating expenditures over revenues, recoverable, Exhibit C, (notes 1 (b) and 5)	1,260,237	1,903,581
Amortized interest recoverable	4,783	29,722
	$ 23,304,147	$ 24,699,568

Approved on behalf of the Board:

Liabilities

	1987	1986
Current liabilities:		
Accounts payable and accrued charges	$ 1,111,548	$ 914,656
Capital debt, Schedule 2: (Note 3)		
Advances from the Government of the Province of Manitoba	17,394,246	16,697,331
Debentures — Canada Mortgage and Housing Corporation	2,391,729	2,516,931
Bonds	3,023,000	5,977,000
	22,808,975	25,191,262
Less sinking fund: (Note 1 (f))		
Cash on deposit with the Minister of Finance	687,515	1,272,986
Investments, at cost, Schedule 3	28,861	204,177
	716,376	1,477,163
	22,092,599	23,714,099
Interest adjustment fund account Exhibit D, (Notes 1 (c) and 7)	100,000	70,813
	$ 23,304,147	$ 24,699,568

The Manitoba Water Services Board **Exhibit B**

Statement of Operating Revenues and Expenditures

for the year ended March 31, 1987

	1987	1986
Revenues:		
Sale of water	$2,603,550	$2,383,510
Interest:		
Municipalities	1,727,955	2,074,816
Sinking funds and funds on deposit (Note 1 (f))	82,256	155,997
Grant from the Government of the Province of Manitoba — subsidization of water rates (Note 5)	207,204	385,805
	4,620,965	5,000,128
Expenditures:		
Interest:		
Advances	2,001,902	2,154,787
Bonds and debentures	462,203	633,718
Audit and other fees	13,306	10,054
Chemicals	450,738	381,589
Depreciation	133,545	137,504
Salaries and benefits	657,723	663,013
Heat, telephone, light and power	285,734	267,341
Repairs and maintenance	193,170	122,913
Water purchased for resale	218,615	194,846
	4,416,936	4,565,765
Interest applied to construction	(468,502)	(277,980)
Interest applied to interest adjustment fund account, Exhibit D	29,187	(70,773)
	3,977,621	4,217,012
Excess of operating revenues over expenditures, Exhibit C	$ 643,344	$783,116

The Manitoba Water Services Board **Exhibit C**

Statement of Accumulated Excess of Operating Expenditures over Revenues, Recoverable (Notes 1(b) and 5)

for the year ended March 31, 1987

	1987	1986
Balance, beginning of year	$ 1,903,581	$ 2,670,900
Add: Refund of excess revenues over operating expenditures	—	15,797
Deduct: Excess of operating revenues over expenditures, Exhibit B	643,344	783,116
Balance, end of year, Exhibit A	$ 1,260,237	$ 1,903,581

The Manitoba Water Services Board **Exhibit D**

Statement of Interest Adjustment Fund Account (Notes 1(c) and 7)

for the year ended March 31, 1987

	1987	1986
Balance, beginning of year	$ 70,813	$ 141,586
Interest applied — Statement of Operating Revenues and Expenditures, Exhibit B	29,187	(70,773)
Balance, end of year, Exhibit A	$ 100,000	$ 70,813

The Manitoba Water Services Board **Exhibit E**

Statement of Changes in Cash Position

for the year ended March 31, 1987

	1987	1986
Cash provided by (used for):		
Operating activities:		
Excess of operating revenues over expenditures, Exhibit B	$ 643,344	$ 783,116
Items not involving cash:		
Depreciation	133,545	137,504
Amortization of sinking fund bond disount — net	24,939	66,515
	801,828	987,135
Net change in non-cash working capital balances	357,408	(1,779,449)
	1,159,236	(792,314)
Financing activities:		
Construction of facilities for municipalities	(9,677,377)	(9,813,107)
The Government of the Province of Manitoba:		
Grants — subsidization of construction costs	4,868,782	4,444,364
Advances — net	696,915	(960,225)
Municipalities:		
Debenture principal repayments	984,717	3,141,539
Construction expenditure recoveries	5,753,745	4,545,162
The Government of Canada:		
Canada Pension Plan bond repayment	(2,954,000)	—
Construction expenditure refunds	(1,688)	(9,375)
Canada Mortgage and Housing Corporation:		
Debenture principal repayments	(125,202)	(114,213)
Applied to interest adjustment fund account	29,187	(70,773)
Refund of excess revenues over operating expenditures	—	(15,797)
Sinking fund payments — net	760,787	(114,284)
	335,866	1,033,291
Investment activities:		
Fixed asset additions	(1,041,696)	—
Increase in cash	453,406	240,977
Cash, beginning of year	616,411	375,434
Cash, end of year, Exhibit A	$ 1,069,817	$ 616,411

Cash is represented by cash on deposit with the Minister of Finance.

Schedule of Debentures Receivable from Municipalities

as at March 31, 1987

Municipality	No. of Debentures	Term	Interest Rates %	Balance
Village of Arborg	4	October 31, 1987-1998	9.25-11.25	$ 139,705
Village of Benito	1	October 31, 1987-1998	9.8	9,188
Village of Binscarth	1	October 31, 1987-1998	11.25	31,680
Village of Binscarth	1	December 31, 1987-2004	12.75	4,290
Rural Municipality of Birtle	2	October 31, 1987-2000	11.25-13.75	140,214
Town of Birtle	2	December 31, 1987-2003	12.625-13.125	242,864
Town of Carman	3	October 31, 1987-1999	9.0-11.25	187,845
Rural Municipality of Cartier	1	October 31, 1987-1995	10.95	108,325
Village of Cartwright	1	December 31, 1987-2004	12.75	20,835
Rural Municipality of Coldwell	2	October 31, 1987-1996	9.8-10.95	115,752
Local Government District of Consol	1	October 31, 1987-1996	9.8	48,098
Town of Dauphin	2	October 31, 1987-1996	9.8-10.95	374,103
Town of Deloraine	2	October 31, 1987-1999	9.8-11.25	22,002
Rural Municipality of De Salaberry	2	December 31, 1987-2004	12.625-12.75	84,582
Rural Municipality of East St. Paul	3	October 31, 1987-1997	9.0-10.95	126,976
Town of Emerson	2	October 31, 1987-1998	9.8-11.25	30,586
Village of Erickson	1	October 31, 1987-1994	9.25	4,892
Rural Municipality of Eriksdale	1	October 31, 1987-1996	9.8	6,014
Village of Ethelbert	1	October 31, 1987-1989	11.25	4,405
City of Flin Flon	5	December 31, 1987-2004	12.625-12.75	1,602,210
Village of Gilbert Plains	2	October 31, 1987-1995	9.25-10.95	79,481
Village of Glenboro	1	December 31, 1987-2002	13.125	98,046
Town of Grandview	4	October 31, 1987-1999	9.0-11.25	86,623
Town of Grandview	1	December 31, 1987-2002	13.125	57,503
Village of Gretna	3	October 31, 1987-1995	9.8-11.25	19,411
Rural Municipality of Grey	1	October 31, 1987-1999	11.25	80,409
Rural Municipality of Hanover	7	October 31, 1987-1999	9.0-11.25	347,856
Rural Municipality of Hanover	2	December 31, 1987-2004	12.75	165,956
Town of Hartney	1	December 31, 1987-1988	6.645	36,841
Town of Killarney	1	December 31, 1987-2004	12.75	31,856
Village of Lac du Bonnet	1	October 31, 1987-1997	9.50	227,315
Rural Municipality of Lorne	4	October 31, 1987-2000	9.8-13.75	285,644
Rural Municipality of Macdonald	4	October 31, 1987-1999	9.0-11.25	83,578
Village of Manitou	2	October 31, 1987-1998	9.0-11.25	74,813
Village of McCreary	3	October 21, 1987-1998	9.8-11.25	23,831
Town of Minnedosa	3	October 31, 1987-1999	9.8-11.25	30,710
Rural Municipality of Miniota	1	October 31, 1987-1996	9.8	11,804
Village of Minitonas	1	October 31, 1987-1999	11.25	80,652
Rural Municipality of Montcalm	1	December 31, 1987-1998	12.625	57,988
Town of Morris	2	October 31, 1987-1998	9.0-9.8	134,539
Town of Morris	2	December 31, 1987-2004	12.75-13.125	99,491
Local Government District of Mountain	2	October 31, 1987-1997	9.0-9.8	111,524
Town of Neepawa	1	October 31, 1987-1998	9.8	17,857
Rural Municipality of North Norfolk	3	October 31, 1987-1996	9.25-10.95	92,184
Village of Notre Dame de Lourdes	3	October 31, 1987-1995	9.25-10.95	51,546
Carried forward	94			$ 5,692,024

Schedule of Debentures Receivable from Municipalities

as at March 31, 1987

Municipality	No. of Debentures	Term	Interest Rates %	Balance
Brought forward	94			$ 5,692,024
Rural Municipality of Ochre River	2	December 31, 1987-2002	12.625-13.125	28,234
Rural Municipality of Pembina	1	October 31, 1987-1989	11.25	4,632
Rural Municipality of Pipestone	2	October 31, 1987-2000	11.25-13.75	43,376
Village of Plum Coulee	3	October 31, 1987-1999	9.0-11.25	236,066
City of Portage la Prairie	6	October 31, 1987-2000	9.0-13.75	1,632,005
City of Portage la Prairie	1	December 31, 1987-2002	13.125	64,677
Rural Municipality of Portage la Prairie	2	October 31, 1987-1995	9.25-10.95	85,489
Town of Rapid City	1	October 31, 1987-1998	9.8	11,546
Rural Municipality of Ritchot	6	October 31, 1987-2000	9.8-13.75	107,719
Rural Municipality of Ritchot	2	December 31, 1987-2004	12.625-12.75	128,229
Rural Municipality of Riverside	2	October 31, 1987-2000	11.25-13.75	155,111
Village of Riverton	4	October 31, 1987-1998	9.0-10.95	184,955
Village of Riverton	1	December 31, 1987-2002	13.125	16,963
Town of Roblin	2	October 31, 1987-2000	11.25-13.75	272,192
Village of Rossburn	5	October 31, 1987-2000	9.0-13.75	74,315
Town of Russell	1	December 31, 1987-2004	12.75	345,842
Village of Ste. Anne	2	October 31, 1987-1996	9.8-11.25	54,068
Village of St. Claude	3	October 31, 1987-1998	9.8-10.95	45,262
Village of St. Claude	1	December 31, 1987-1999	12.75	14,873
Village of Ste. Rose du Lac	4	October 31, 1987-1997	9.0-10.95	59,095
Village of Ste. Rose du Lac	1	December 31, 1987-2004	12.75	67,133
Town of Selkirk	6	October 31, 1987-2000	9.0-13.75	1,111,468
Village of Shoal Lake	1	October 31, 1987-2000	13.75	154,163
Rural Municipality of Siglunes	1	December 31, 1987-2001	13.125	6,956
Town of Souris	3	October 31, 1987-1998	9.0-9.8	436,849
Town of Souris	1	December 31, 1987-2000	12.75	15,795
Town of Steinbach	3	October 31, 1987-1997	9.0-10.95	73,707
Town of Stonewall	2	October 31, 1987-2006	9.8-10.95	853,979
Rural Municipality of Strathclair	1	October 31, 1987-1988	9.8	13,277
Rural Municipality of Strathcona	2	October 31, 1987-2000	11.25-13.75	41,223
Local Government District of Stuartburn	3	October 31, 1987-2000	9.8-13.75	152,278
Town of Swan River	3	October 31, 1987-1997	9.0-10.95	464,380
Rural Municipality of Tache	3	October 31, 1987-1998	9.0-10.95	23,975
Village of Teulon	1	October 31, 1987-2006	8.0	337,680
Rural Municipality of Thompson	1	October 31, 1987-1996	9.8	118,141
Village of Treherne	2	October 31, 1987-1996	9.8-11.25	128,124
Town of Virden	3	October 31, 1987-1998	9.8-13.75	326,966
Town of Virden	1	December 31, 1987-1998	13.125	16,523
Community of Wabowden (Note 6)	1	August 1, 1987-1995	9.0	176,540
Village of Waskada	1	October 31, 1987-1988	9.25	573
Village of Wawanesa	1	October 31, 1987-1999	11.25	2,515
Town of Winkler	1	October 31, 1987-1996	9.8	18,786
Town of Winnipeg Beach	1	October 31, 1987-1999	11.25	4,210
	188			$13,801,914

The Manitoba Water Services Board **Schedule 2**

Schedule of Capital Debt

as at March 31, 1987

	1987	1986
Advances from the Government of the Province of Manitoba:		
10.72% payable annually April 1, 1987-1991	$ 2,075,000	$ —
9% payable annually October 31, 1987-1997	1,498,876	1,577,184
9.8% payable annually October 31, 1987-1998	1,688,082	1,760,846
11.25% payable annually October 31, 1987-1999	1,720,785	1,778,818
9.25% payable annually March 31, 1988-2004	1,101,457	1,207,765
9.8% payable annually October 31, 1987-2006	1,294,070	1,359,884
9.4% payable annually October 31, 1987-2007	38,599	39,192
13.75% payable annually October 31, 1987-2000	2,081,268	2,219,932
13.125% payable annually December 31, 1987-2002	593,241	605,796
12.625% payable annually December 31, 1987-2003	1,199,260	1,222,494
12.75% payable annually December 31, 1987-2004	1,452,364	1,474,176
Other — payable on demand at bank prime	2,651,244	3,451,244
	17,394,246	16,697,331
Canada Mortgage and Housing Corporation Debentures:		
7.875% payable annually August 1, 1987-1994	59,960	65,172
8% payable annually December 1, 1987-1995	46,051	49,437
8% payable annually January 1, 1988-1996	27,801	29,846
8% payable annually January 1, 1988-1996	35,607	38,225
8% payable annually February 1, 1988-1996	37,831	40,613
10% payable annually February 1, 1988-1996	71,872	76,623
10.375% payable annually January 1, 1988-1996	93,450	99,503
10.375% payable annually January 1, 1988-1996	20,604	21,939
10.375% payable annually February 1, 1988-1996	68,534	72,973
10.375% payable annually February 1, 1988-1996	44,939	47,850
10.375% payable annually February 1, 1988-1996	52,513	55,914
10.375% payable annually February 1, 1988-1996	106,864	113,787
10.375% payable annually December 1, 1987-1996	106,605	112,467
10.75% payable annually August 1, 1987-1996	49,583	52,248
10.75% payable annually December 1, 1987-1996	30,034	31,648
10.75% payable annually December 1, 1987-1996	13,702	14,438
8% payable annually April 1, 1988-1997	11,208	11,918
8% payable annually July 1, 1987-1997	653,235	689,210
10% payable annually July 1, 1987-1997	26,016	27,272
10% payable annually July 1, 1987-1997	18,126	19,002
10.375% payable annually April 1, 1987-1997	105,904	111,727
10.375% payable annually April 1, 1987-1997	93,866	99,027
10.75% payable annually July 1, 1987-1997	136,055	142,306
9.625% payable annually February 1, 1988-1998	61,358	64,395
11% payable annually November 1, 1987-2002	420,011	429,391
	2,391,729	2,516,931
Bonds:		
Canada Pension Plan Investment Fund, subject to prior redemption, guaranteed as to principal and interest by the Government of the Province of Manitoba:		
5.42% bonds due April 1, 1986	—	2,954,000
7.26% bonds due June 2, 1989	3,023,000	3,023,000
	3,023,000	5,977,000
	$ 22,808,975	$ 25,191,262

The Manitoba Water Services Board **Schedule 3**

Schedule of Sinking Fund Investments

as at March 31, 1987

	Interest Rate %	Maturity Date	Par Value	Cost
Debentures:				
Manitoba Hydro Electric Board	6.25	February 1, 1989	$ 26,000	$ 20,491
Manitoba Hydro Electric Board	7.0	November 15, 1987	10,000	8,370
			$ 36,000	$ 28,861

The Manitoba Water Services Board

Notes to Financial Statements

for the year ended March 31, 1987

1. **Significant Accounting Policies**

   (a) **Basis of Accounting**

   The Board's financial statements have been prepared using the accrual basis of acounting except that, in accordance with the procedures followed by the Government of the Province of Manitoba, the Board's disbursement account was held open until April 16, 1987 for the payment of accounts for expenditures incurred during the fiscal year ended March 31, 1987.

   (b) **Accumulated excess of operating expenditures over revenues, recoverable**

   The accumulated excess of operating expenditures over revenues, recoverable, shown on the balance sheet pertains to plants operated under the following terms:

   (A) Plants owned and operated by the Board with cost recovery over a 35 year life. These plants were constructed prior to 1972 under The Manitoba Water Supply Board Act. The Act was amended in 1972 and became known as the Manitoba Water Services Board Act with no further additions under this program. The amended Act provides for grants for rate stabilization by the Government of the Province of Manitoba.

   (B) The plants operated by the Board under agreements with municipalities which were constructed since 1972 under The Manitoba Water Services Board Act.

   (C) Plant owned and operated by the Board with cost recovery over a 20 year life. Construction was completed during the year ended March 31, 1987.

   All operating deficits of plants operated by the Board are recoverable from the municipalities.

   (c) **Interest Adjustment Fund Account**

   The Board maintains a separate fund account balance for interest adjustments.

   (d) **Administration costs**

   The costs related to the administration and general operation of the Board, which amounted to $1,754,226 for the year ended March 31, 1987 (1986 — $1,653,820), were paid out of an appropriation of the Department of Agriculture. These expenses are not reflected in the financial statements.

   (e) **Depreciation policy**

   The Board provides depreciation on a straight-line basis for its fixed assets over an 18 year term for equipment and a 35 year term for buildings under (b) (A) above and a 20 year term for buildings under (b) (C) above.

   (f) **Sinking fund**

   The sinking fund is maintained in accordance with the requirements of The Manitoba Water Services Board Act which prescribes that the Board pay a minimum annual instalment to the Minister of Finance of the Government of the Province of Manitoba of not less than 1% of the principal amount of the outstanding capital indebtedness on the preceeding March 31, together with 4% of the balance in the sinking fund at that date.

   Income earned on sinking fund investments is remitted to the Board and is included with interest revenue for the year.

Notes to Financial Statements

for the year ended March 31, 1987

2. **Construction in progress Recoverable from Municipalities and the Government of the Province of Manitoba**

The transactions in this account were as follows:

	March 31	
	1987	**1986**
Balance, beginning of year	$ 2,140,026	$ 1,307,070
Construction during the year, Exhibit E	9,677,377	9,813,107
	11,817,403	11,120,177
Recoveries during the year		
Municipalities		
Cash payments received, Exhibit E	5,753,745	4,545,162
The Government of the Province of Manitoba, Exhibit E		
Grants — subsidization of construction costs	4,868,782	4,444,364
The Government of Canada, Exhibit E		
Construction expenditure refunds	(1,688)	(9,375)
	10,620,839	8,980,151
Balance, end of year, Exhibit A	$ 1,196,564	$ 2,140,026

Notes to Financial Statements

for the year ended March 31, 1987

3. **Debentures Receivable From Municipalities**

The Board obtained capital debt financing at fixed interest rates from the Government of the Province of Manitoba and Canada Mortgage and Housing Corporation. In turn, the Board received cash payments or obtained debentures from municipalities for the municipal share of capitalized costs for plant construction. The debentures were issued to municipalities in amounts and at fixed interest rates sufficient to discharge the municipalities' share of the corresponding capital debt financing.

Effective with the year ended March 31, 1986, the Board received cash in full settlement of capital work undertaken for municipalities.

4. **Fixed Assets**

The following is the summary of the Board's fixed assets:

	1987	1986
Land and easements	$ 102,744	$ 80,977
Buildings	5,006,221	4,267,942
Less accumulated depreciation	2,629,262	2,506,721
	2,376,959	1,761,221
Equipment	1,593,475	1,311,825
Less accumulated depreciation	1,284,651	1,273,647
	308,824	38,178
	$ 2,788,527	$ 1,880,376

5. **Accumulated Excess of Operating Expenditures Over Revenue (Note 1 (b))**

Concerning plants operated under A only:

The Manitoba Water Services Board Act requires the Board to fix rates for each plant to recover costs pertaining to the services supplied taking into account grants for rate stabilization provided by the Government of the Province of Manitoba to those plants constructed under The Manitoba Water Supply Board Act. The rates set by the Board and approved by the Province are in accordance with tables maintained by the Board which indicate a return of full capital costs and operating deficits based on a 35 year operating life. For the year ended March 31, 1987 rate stabilization grants totalling $207,204 were paid in respect of the operations of 15 of the plants constructed under the Manitoba Water Supply Board Act (1986 — $385,805 respecting 24 plants.)

Notes to Financial Statements

for the year ended March 31, 1987

5. **Accumulated Excess of Operating Expenditures Over Revenue** (continued)

	March 31			
	1987		1986	
	No.	Amount	No.	Amount
Plants operated under A — owned and operated by the Board:				
Plants with an accumulated excess of operating expenditures over revenues, recoverable	31	$ 1,393,630	33	$ 2,061,020
Plants with an accumulated excess of operating revenues over expenditures	5	(178,131)	4	(94,419)
	36	1,215,499	37	1,966,601
Plants operated under B — operated by the Board for municipalities:				
Plants with an accumulated excess of operating expenditures over revenues, recoverable	1	298	3	10,294
Plants with an accumulated excess of operating revenues over expenditures	8	(125,612)	6	(73,314)
	9	(125,314)	9	(63,020)
Plant operated under C — owned and operated by the Board, newly constructed works:				
Plant with an accumulated excess of operating expenditures over revenues, recoverable	1	170,052	—	—
Totals under A, B, and C	46	$ 1,260,237	46	$ 1,903,581

6. **Agreement, Community of Wabowden**

Because of the legal status of the Community of Wabowden, the Board has entered into an agreement, in lieu of a debenture, with the Minister of the Department of Northern Affairs who is acting on behalf of the Community. The agreement provides for the recovery of the capitalized costs and interest in accordance with a repayment schedule over a twenty year period ending August 1, 1995.

Notes to the Financial Statements

for the year ended March 31, 1987

7. **Interest Adjustment Fund Account**

The Board charges interest on advances to construction projects and water treatment plants operated by the Board. The policy is to charge interest at a rate which reflects the cost of borrowing by the Board. The difference between interest charged and the cost of borrowing is accumulated in the Interest Adjustment Fund Account. The Board, from time to time, adjusts interest rates to maintain a reasonable balance in the Interest Adjustment Fund Account.

8. **Capital Authority**

The legislature has authorized the borrowing and expending of monies for municipal sewer and water systems. The unexpended amounts as at March 31, 1987 are as follows:

Legislative Authority	Unexpended balance as at March 31, 1987
The Loan Act 1984	$ 5,600,000
The Loan Act 1985	8,500,000
	$ 14,100,000

9. **Commitments**

The Board has signed agreements and offers for the construction of sewer and water systems for municipalites which amount to $13,289,000 as at March 31, 1987 (1986 — $16,455,000). Of this amount, $3,718,000 (1986 — $8,053,000) is expected to be funded by the Government of the Province of Manitoba grants for the subsidization of construction costs, with the balance of $9,571,000 (1986 — $8,402,000) to be funded from the Board's Capital Authority (Note 8) which will be repayable by municipalities through cash payments (Note 3).

10. **Litigation**

The Board is involved in a civil suit with regard to one of its sewer projects. As a result of the Board's claim for damages a counter suit has been filed by one of the contractors claiming damages from the Board totalling $199,000. There has been no provision in the financial statements for the claim or counter suit.